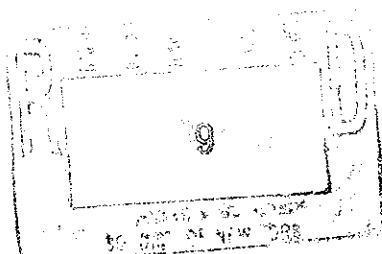


UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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In re : Chapter 11 Case No.  
LEHMAN BROTHERS HOLDINGS INC., et al. : 08-13555 (JMP)

Debtors. : 

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OBJECTION TO APPROVAL OF SETTLEMENT AGREEMENT  
WITH THE PENSION BENEFIT GUARANTY CORPORATION  
PROVIDING FOR PAYMENT OF \$127,600,000 IN RESPECT  
OF PENSION BENEFITS FOR PLAN PARTICIPANTS AND  
THEIR BENEFICIARIES

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PLEASE TAKE NOTICE of the following:

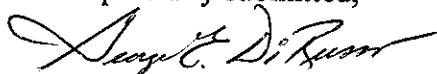
Objecting Party: George E. Di Russo  
Vice-President ( Retired)  
Lehman Brothers, Inc.  
1244 SE 22 Avenue  
Ocala, Fl. 34471

Basis For Objection: Proposed Settlement does not consider or make  
mention of the LBHI Employee Benefit plan entitled  
"Lehman Brothers Partnership Account". This  
plan has approximately 1,200 vested employees  
and, per attached documentation, as of

December 31, 2007 had invested, on its behalf \$458 million ( see attached correspondence from Mr. Michael J. Odrich, Lehman Brothers Managing Director, dated June 17,2008, attached hereto as "Exhibit A")

Specific Grounds: Petitioner was fully vested in the aforementioned plan in July,2003. A claim has been filed in the Bankruptcy Proceeding of Lehman Brothers,Inc.. That claim has been assigned Claim # 900000894. The trustees have not addressed this claim as at this time. The gross amount of the claim is \$1,166,054.40, based on annualization of a six monh distribution received by the Petitioner in 2007, per IRS publication 590.

Respectfully submitted,



George E. Di Russo

**Exhibit "A"**

MICHAEL J. ODRICH  
MANAGING DIRECTOR  
HEAD OF PRIVATE EQUITY

June 17, 2008

Dear Partner,

We are pleased to update you on the current status of the Lehman Brothers Partnership Account, which is invested together and in parallel with related vehicles (togeth, the "Partnership Account" or the "Fund"). In June 2000, the Firm awarded opportunities to participate in the Fund with notional Firm-provided leverage to employees through the Vice President level. As of July 2003, you became fully vested and entitled to receive payments from the Fund to the extent they become available, regardless of your employment status with the Firm.

#### **Partnership Account Performance and Overview**

As of December 31, 2007, the Fund invested \$458 million and has now committed all of its capital. The Fund has allocated its investments among the Lehman Brothers Private Equity asset classes in the following approximate ratios: 66% to Merchant Banking, Venture Capital, Real Estate and Fixed Income; 23% to Private Fund Investments; and 11% to the Fund of Hedge Funds.

**As of December 31, 2007, the gross IRR for the Partnership Account was 20%, which represents an implied multiple of notional equity of 7.6x.** Gross IRR represents the pre-tax, compounded annual internal rate of return based on estimated values of investments and gross cash flows into and out of investments.

In October 2007, a distribution of \$2,169 per unit was made to each investor, which represents 318% of the notional equity invested in the fund. We continue to monitor the cash balance in the fund and will apprise you prior to making additional distributions.

#### ***Example of Partnership Account Returns***

The chart on the following page illustrates the Fund's return mechanics valuing the investments as of December 31, 2007. This example assumes the award of \$10,000 from the Firm to an employee, of which \$7,500 (base award of \$682 and notional leverage of \$6,818) was actually invested. As of December 31, 2007, the value of the employee's investment net of the distribution would be approximately \$3,045. The total value of the investment including the \$2,169 distribution represents a 7.6x multiple of invested capital. As this is only a hypothetical example, the actual amounts you receive may differ.

Valuation Analysis as of December 31, 2007		
<u>Per 10K investor</u>		
Base Award Amount Invested as of 12/31/07	\$	682
Leverage provided as of 12/31/07		6,818
<u>Total Investment</u>	<u>\$</u>	<u>7,500</u>
Value as of 12/31/07	\$	12,940
Less GP carry		(544)
Less Distribution		(2,169)
Less Int on Leverage		(364)
Less Leverage		(6,818)
<u>Net Value @ 12/31/07</u>	<u>\$</u>	<u>3,045</u>
Gross IRR		[REDACTED]
Implied Multiple of Invested Capital		[REDACTED]

*Note: as of 12/31/07, there is no remaining leverage outstanding.*

Past performance is not indicative of future results, and there can be no assurance that the Fund will continue to achieve comparable results to those set forth herein. Calculation methodology is explained further below, and this data is indicative of the performance of the Fund. The total value displayed on the above chart includes all distributions received and the current value of unrealized investments. The actual realized values of unrealized investments may differ materially from their current carrying values which are used for calculating total value. Actual values of currently unrealized investments cannot be determined until the occurrence of liquidity events and the repayment of all leverage and associated interest costs. Actual realized values of currently unrealized investments will depend on, among other factors, future operating results, market conditions at the time of disposition, legal and contractual restrictions on transfer that may limit liquidity, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which the current unrealized values are based.

Below, we offer performance data by asset class as of December 31, 2007, for investments made thus far. Unrealized publicly-traded investments are valued based on closing market prices on December 31, 2007. The methodology of calculating unrealized privately-held investments differs among asset classes and is detailed below. Please refer to the investment update attached to this letter for more detail on investment allocations and performance by asset class.

### ***Merchant Banking***

The Partnership Account's only Merchant Banking investment was Consort Resources for \$9.2 million. Consort was realized on a gross basis at 117% of the invested amount following its acquisition by Caledonia Oil and Gas Limited in October 2003. The \$10.8 million of proceeds from this investment was used to repay interest and leverage.

### ***Venture Capital***

The Partnership Account invested a total of \$176 million in venture capital investments, which comprise several sector and geographical sub-categories. Unrealized venture capital investments are generally valued at cost; although several of the investments have been marked up or down to reflect market changes. As of December 31, 2007, the blended total value of all venture capital investments, including the distribution, was 116% of invested capital.

### ***Real Estate***

The Partnership Account is a significant investor in Lehman Brothers Real Estate Partners I, with a total of \$108 million invested in real estate as of December 31, 2007. To date, investments have been realized for \$301 million of value. Unrealized real estate investments are reflected at their fair values which are determined through discounted cash flow analyses. As of December 31, 2007, the total value of realized and unrealized real estate investments, including the distribution, was 279% of invested capital.

### ***Private Fund Investments***

The Partnership Account invested \$105 million in funds that are managed by top third party private equity fund managers. The Partnership Account has received \$137 million in proceeds from these investments. Private fund investments are reflected at net asset value of the underlying funds as reported in their most recent financial statements. As of December 31, 2007, the total value of assets in private funds, including the distribution, was 192% of invested capital.

### ***Fixed Income-Related***

The Partnership Account invested in the "equity" component of two CDOs for a total of \$9 million. Unrealized CDO investments are valued based on accrued and paid cash interest, sales proceeds and principal repayments assuming a terminal value determined by the market. As of December 31, 2007, the total value of fixed income investments, including the distribution, was 109% of the Fund's investment cost.

### ***Fund of Hedge Funds***

In December 2004, the Partnership Account realized its entire \$50 million investment in Lehman Brothers Fund of Hedge Funds for \$59 million, representing 117% of invested capital. The Fund of Hedge Funds was divided between a long/short fund and a diversified arbitrage fund.

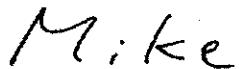
**Firm-Provided Notional Leverage**

When the Partnership Account was established, Lehman Brothers provided employees through the Vice President level with an award based on a base amount and notional 10x leverage. For example, an original Partnership Account award of \$10,000 consisted of a base component of \$909 and notional leverage of \$9,091. However, due to the available investment opportunities, the actual amount invested was \$7,500 per \$10,000 unit with a base of \$682 and notional leverage of \$6,818.

All currently outstanding Fund notional leverage and associated interest costs have been repaid. As Lehman Brothers awarded you the opportunity to participate in the Fund, all distributions you receive under the Fund, if any, will be treated as ordinary income to you for tax purposes.

We are pleased with the performance of the Fund to date. We will continue to manage this portfolio aggressively to maximize value and returns to our investors. We will keep you periodically updated on the Partnership Account. In the meantime, please do not hesitate to call Private Equity Investor Relations at (212) 526-9970 with questions regarding your investment.

Sincerely,



Michael J. Odrich  
Managing Director

**Lehman Brothers Partnership Account 2000/2001**  
**Total Remaining Commitments**  
**As of December 31, 2007**

		(\$ in millions)			
		Investment	Proceeds Received	Current Value	Total Value
		Amount Invested	Allocation (by asset class)		
	<b>Merchant Banking</b>	\$ 9.2	2.0%	\$ 10.8	\$ 10.8
	<b>Venture Capital:</b>				
	<b>US Venture Capital II</b>	51.2		6.9	75.3
	<b>European Venture Capital</b>	27.0		41.3	41.7
	<b>Communications</b>	16.0		9.1	9.2
	<b>Other Venture Capital</b>	33.7		8.4	19.5
	<b>Healthcare</b>	48.5		21.2	58.9
	<b>Total Venture Capital</b>	<b>176.4</b>	<b>38.5%</b>	<b>86.9</b>	<b>204.6</b>
	<b>Total Real Estate</b>	<b>108.4</b>	<b>23.7%</b>	<b>301.4</b>	<b>302.8</b>
	<b>Total Fund of Funds</b>	<b>105.0</b>	<b>22.9%</b>	<b>137.1</b>	<b>64.4</b>
	<b>Fixed Income</b>	8.8	1.9%	6.3	3.2
	<b>Fund of Hedge Funds</b>	50.0	10.9%	58.6	58.6
	<b>Total Partnership Account 2000/2001</b>	<b>\$ 457.8</b>	<b>100.0%</b>	<b>\$ 601.1</b>	<b>\$ 186.6</b>
					<b>\$ 787.8</b>